
CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
AND SUBSIDIARIES

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/28/09



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CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND
SUBSIDIARIES

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

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Report of Independent Auditors

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,
Catholic Charities Archdiocese of New Orleans and Subsidiaries, New Orleans, Louisiana

We have audited the accompanying consolidated statements of financial position of Catholic Charities Archdiocese of New Orleans (the Agency) and Subsidiaries (nonprofit organizations) as of June 30, 2008 and 2007 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Second Harvest Food Bank, a wholly owned subsidiary, as of June 30, 2007, which statements reflect total assets of \$12,321,956 and total revenues of \$36,931,143. Second Harvest's statements as of June 30, 2007 were audited by other auditors whose report dated November 15, 2007, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Agency's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency at June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2008 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of Catholic Charities Archdiocese of New Orleans and Subsidiaries taken as a whole. The supplemental information contained in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Postbthwaite + Netterville

Metairie, Louisiana
December 3, 2008

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
Cash	\$ 6,346,188	\$ 5,540,192
Program accounts receivable	6,157,203	7,380,097
Unconditional promises to give:		
Pledges	12,966,058	23,771,565
United Way Greater New Orleans	1,010,625	1,003,424
Due from related party	742,089	253,669
Other receivables	2,171,832	2,195,552
Undistributed food on hand	2,148,910	1,450,527
Prepaid expenses and deferred charges	248,213	617,851
Investments	13,106,489	14,308,825
Property and equipment - net	<u>19,858,622</u>	<u>16,213,469</u>
Total assets	<u>\$ 64,756,229</u>	<u>\$ 72,735,171</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 7,000,561	\$ 11,738,989
Deferred revenue	96,612	7,135
Unemployment accrual	144,061	804,209
Accrual for uninsured claims	2,650,000	2,105,000
Loans payable	128,114	153,100
Funds held for others	<u>200,783</u>	<u>838,674</u>
Total liabilities	<u>10,220,131</u>	<u>15,647,107</u>
Net assets:		
Unrestricted	28,693,426	24,664,353
Temporarily restricted	23,577,093	29,816,637
Permanently restricted	<u>2,265,579</u>	<u>2,607,074</u>
Total net assets	<u>54,536,098</u>	<u>57,088,064</u>
Total liabilities and net assets	<u>\$ 64,756,229</u>	<u>\$ 72,735,171</u>

See notes to consolidated financial statements.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2008 and 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	2007 Totals
Revenues								
Public support:								
Contributions	\$ 6,846,768	\$ 4,453,369	\$ 7,927	\$ 11,308,064	\$ 8,448,948	\$ 39,299,636	\$ 57,938	\$ 47,806,522
Contributed goods and services	20,148,007	-	-	20,148,007	27,779,415	-	-	27,779,415
United Way								
Greater New Orleans:								
Allocations	61,200	1,456,482	-	1,517,682	1,353,146	672,708	-	2,025,854
Designations	137,238	-	-	137,238	212,107	-	-	212,107
Combined Federal Campaign	27,496	-	-	27,496	10,360	-	-	10,360
St. Charles Parish:								
Allocations	50,300	125,000	-	175,300	5,062	315,403	-	320,465
St. John Parish:								
Allocations	70,000	-	-	70,000	66,000	-	-	66,000
Special events (net of direct costs)	182,952	-	-	182,952	198,316	-	-	198,316
Total public support	27,523,961	6,034,851	7,927	33,566,739	38,073,354	40,287,747	57,938	78,419,039
Governmental financial assistance:								
Federal	31,186,809	-	-	31,186,809	35,522,386	181,896	-	35,704,282
Other governmental agencies	6,010,377	-	-	6,010,377	508,703	-	-	508,703
Total governmental financial assistance	37,197,186	-	-	37,197,186	36,031,089	181,896	-	36,212,985
Other Revenue:								
Program service fees	2,400,187	-	-	2,400,187	1,917,997	-	-	1,917,997
Rent	174,057	-	-	174,057	184,936	-	-	184,936
Miscellaneous	123,154	-	-	123,154	237,264	-	-	237,264
Property recoveries	1,431,639	-	-	1,431,639	980,132	-	-	980,132
Net assets released from restrictions - operations	12,203,228	(12,067,190)	(136,038)	-	28,968,718	(28,968,718)	-	-
Total other revenue	16,332,265	(12,067,190)	(136,038)	4,129,037	32,289,047	(28,968,718)	-	3,320,329
Total revenue	81,053,412	(6,032,339)	(128,111)	74,892,962	106,393,490	11,500,925	57,938	117,952,353
Expenses								
Program services	73,169,444	-	-	73,169,444	101,568,450	-	-	101,668,450
Management and general	2,580,895	-	-	2,580,895	2,627,197	-	-	2,627,197
Fundraising	990,754	-	-	990,754	974,615	-	-	974,615
Total expenses	76,741,093	-	-	76,741,093	105,270,262	-	-	105,270,262
Change in net assets before investment income	4,312,319	(6,032,339)	(128,111)	(1,848,131)	1,123,228	11,500,925	57,938	12,682,091
Investment income (loss)	(283,246)	(207,205)	(213,384)	(703,835)	1,534,114	405,007	297,210	2,236,331
Change in net assets	4,029,073	(6,239,544)	(341,495)	(2,551,966)	2,657,342	11,905,932	355,148	14,918,422
Net Assets								
Beginning of year	24,664,353	29,816,637	2,607,074	57,088,064	22,007,011	17,910,705	2,251,926	42,169,642
End of year	\$ 28,693,426	\$ 23,577,093	\$ 2,265,579	\$ 54,536,098	\$ 24,664,353	\$ 29,816,637	\$ 2,607,074	\$ 57,088,064

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

2007

See notes to consolidated financial statements.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (2,551,966)	\$ 14,918,422
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Permanently restricted contributions	(7,927)	(57,938)
Depreciation	1,600,619	1,340,028
Amortization	10,467	-
(Gain) loss on investments, net	1,375,718	(1,536,969)
Provision for uninsured claims	545,000	1,565,000
Loss on disposal of property and equipment	3,264	-
Change in assets and liabilities:		
Accounts receivable	11,556,500	(17,415,386)
Prepaid expenses and deferred charges	359,171	(390,952)
Undistributed food on hand	(698,383)	(334,583)
Accounts payable and accrued expenses	(5,398,576)	6,666,435
Deferred revenue	89,477	(240,320)
Net cash provided by operating activities	<u>6,883,364</u>	<u>4,513,737</u>
Cash Flows from Investing Activities		
Purchases of investments, net	(173,382)	(380,562)
Purchases of property and equipment	<u>(5,249,036)</u>	<u>(3,442,741)</u>
Net cash used in investing activities	<u>(5,422,418)</u>	<u>(3,823,303)</u>
Cash Flows from Financing Activities		
Proceeds from contributions, permanently restricted	7,927	57,938
Funds held for the accounts of others	(637,891)	659,197
Repayment of loans payable	<u>(24,986)</u>	<u>(1,545,725)</u>
Net cash used in financing activities	<u>(654,950)</u>	<u>(828,590)</u>
Net increase (decrease) in cash	805,996	(138,156)
Cash		
Beginning of year	5,540,192	5,678,348
End of year	<u>\$ 6,346,188</u>	<u>\$ 5,540,192</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest expense	<u>\$ 21,398</u>	<u>\$ 173,382</u>

See notes to consolidated financial statements.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

1. Organization and Significant Accounting Policies

Catholic Charities Archdiocese of New Orleans (the "Agency"), a not-for-profit charitable organization of the Roman Catholic Church of the Archdiocese of New Orleans (the "Archdiocese"), operates health and community-based programs and provides administrative support and financial management services to separately operated charitable programs which it sponsors. The accompanying financial statements include the accounts of all charitable programs which it operates or sponsors.

The Agency has the ownership and control of PHILMAT, Inc., PACE Greater New Orleans, and Second Harvest Food Bank of Greater New Orleans and Acadiana as follows:

- PHILMAT, Inc. ("PHILMAT") was organized to provide health and community services to individuals within Louisiana. PHILMAT acts as local agent for the commodity supplemental food and warehouse program, Food for Families/Food for Seniors. Under this program, food provided by the United States Department of Agriculture (U.S.D.A.) is distributed by PHILMAT to eligible women, infants, children, and senior citizens, who are classified as low income and vulnerable to malnutrition.
- PACE Greater New Orleans ("PACE") is the corporate title for the Program for All-inclusive Care for the Elderly, a national model of healthcare for seniors. PACE was organized to provide community services such as medical treatment, social services, meals, activities, and transportation, allowing seniors to spend their final years at home rather than in a nursing home.
- Second Harvest Food Bank of Greater New Orleans and Acadiana ("Second Harvest") is a certified member of America's Second Harvest: The Nation's Food Bank Network. Its function is to help relieve the problem of hunger in Louisiana through the distribution of food and related products to qualified charitable institutions.

The financial statements of each of these subsidiaries are included in the consolidated financial statements. All significant inter-organizational accounts and transactions have been eliminated.

Income Taxes

The Agency and Subsidiaries are nonprofit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the code.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Basis of Accounting

The consolidated financial statements of the Agency and Subsidiaries are prepared on the accrual basis of accounting.

Financial Statement Presentation

Statement of Financial Standards No. 117, "Financial Statements of Not-For-Profit Organizations", requires reporting of information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets and changes therein are classified and reported as follows:

- Unrestricted net assets - Contracts for services, contributions, and other revenues and expenditures of funds for the general operation of its programs.
- Temporarily restricted net assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes or to benefit specific accounting periods.
- Permanently restricted net assets - Contributions with donor-imposed restrictions that stipulate that resources be maintained permanently, but permits the use of all or part of the income derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. The value of contributed goods and services has been recorded as support and revenue and expense in the period received, provided there is an objective basis for measurement of the value of such goods and services and they are significant and form an integral part of the efforts of the program.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Agency and Subsidiaries that is in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments

Investments are composed primarily of debt and equity securities and mutual funds and are carried at fair value. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

Program Accounts Receivable

Program accounts receivable represent billings which are based primarily on cost reimbursement type contracts with various governmental agencies. Program accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considered subsequent collection results and wrote off all year-end balances that were deemed to be not collectible. Accordingly, a valuation allowance was determined to be unnecessary.

Funds Held for Others

The Agency and Subsidiaries receive funds that are passed through to other third-parties. These amounts are held until requested by and reimbursed to the third-party.

Undistributed Food on Hand

Food and grocery products donated to Second Harvest and distributed by it to its beneficiaries and the undistributed food and grocery products on hand are valued at an average wholesale value as determined by a survey conducted by America's Second Harvest. The average wholesale value used for the years ended June 30, 2008 and 2007 was \$1.49 and \$1.69 per pound, respectively.

U.S.D.A. products are valued using commodity prices provided by the Louisiana State Department of Agriculture and Forestry. The average per pound value for U.S.D.A. Commodities for the years ended June 30, 2008 and 2007 was \$0.35 and \$0.34, respectively. As a result of Hurricane Katrina and Rita,

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Second Harvest received disaster U.S.D.A food products in 2007. U.S.D.A. disaster food products were not received in 2008. The average per pound value for the disaster U.S.D.A food products was \$0.47.

Property and Equipment

Property and equipment are carried at cost or, when acquired by donation or gift, at appraised values with subsequent additions at cost. The Agency and Subsidiaries' policy is to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the improvements.

The estimated useful lives used in determining depreciation and amortization follow:

<u>Classification</u>	<u>Lives in Years</u>
Buildings and improvements	20 - 60
Leasehold improvements	10 - 40
Equipment	5
Vehicle	3 - 5

Donated Facilities and Services

Donations of facilities are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Support arising from donated services is recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

During the years ended June 30, 2008 and 2007, the Agency and Subsidiaries recognized approximately \$1.6 million and \$1.9 million, respectively, of donated facilities and services which are reflected in the consolidated statement of activities in the respective functional expenses categories. The Agency and Subsidiaries received other donated services in its various programs during the years ended June 30, 2008 and 2007. These services provided do not meet either criteria described above and are not reflected in the consolidated statement of activities.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include bank deposits. The Agency and Subsidiaries' money market accounts are included in investments.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

2. Promises to Give

Contributions and private grants receivable are included in the consolidated financial statements as unconditional promises to give and revenue of the appropriate net asset category. Unconditional promises to give as of June 30, 2008 are expected to be collected in the following periods:

In less than one year	\$ 12,263,662
One to five years	830,000
	<u>13,093,662</u>
Less unamortized discount	127,604
Total	<u>\$ 12,966,058</u>

3. Investments

Investments of the various agencies of the Archdiocese have been pooled to maximize the return on the investments. Investments in the common investment pool consist primarily of debt and equity securities and mutual fund investments. The amounts recorded in the consolidated statement of financial position represent the Agency and Subsidiaries' share of the pool.

The following summarizes the market value and the investment return for the years ended June 30:

	<u>2008</u>	<u>2007</u>
Balances at June 30	<u>\$ 13,106,489</u>	<u>\$ 14,308,825</u>
For the year ended June 30,		
Unrealized gain (loss) on investments	\$ (1,418,627)	\$ 1,532,697
Realized gain for the year	<u>42,909</u>	<u>4,272</u>
	(1,375,718)	1,536,969
Interest and dividend income	<u>671,883</u>	<u>699,362</u>
	<u>\$ (703,835)</u>	<u>\$ 2,236,331</u>

The current and long-term value of investments at June 30, 2008 is \$ 7,792,206 and \$5,314,283, respectively. The current and long-term value of investments at June 30, 2007, is \$7,824,046 and \$6,484,779, respectively.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

4. Property and Equipment

A summary of property and equipment at June 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Buildings and improvements	\$ 21,148,338	\$ 19,372,007
Leasehold improvements	2,854,743	2,715,910
Equipment	6,418,135	6,021,221
Vehicles	4,295,735	4,015,738
Construction in Progress	2,772,579	203,409
Land	<u>1,343,123</u>	<u>1,287,969</u>
	38,832,653	33,616,254
Less accumulated depreciation and amortization	<u>18,974,031</u>	<u>17,402,785</u>
Total property and equipment, net	<u>\$ 19,858,622</u>	<u>\$ 16,213,469</u>

During the year ended June 30, 2008, the Agency purchased \$5,249,036 of property and equipment. Funding sources for the purchases are as follows:

CCUSA	\$ 396,456
Daughters of Charity	599,962
Insurance proceeds	1,649,371
Total Community Action grant	1,508,712
Operations of the Agency	<u>1,094,535</u>
	<u>\$ 5,249,036</u>

5. Loans Payable

Loans payable at June 30, 2008 and 2007 are summarized as follows:

	<u>2008</u>	<u>2007</u>
Mortgage notes payable in monthly installments approximating \$2,750, including interest at an annually adjustable rate (ranging from 2.909% to 7.86%); final installments due between December 2013 and July 2015; collateralized by real estate with a book value approximating in excess of the loan payable at June 30, 2008 and 2007.	<u>\$ 128,114</u>	<u>\$ 153,100</u>

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Annual principal payments on loans payable for each of the next five years and in total thereafter at June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 25,377
2010	27,164
2011	29,079
2012	26,549
2013	15,440
Thereafter	4,505

Interest incurred during 2008 and 2007 all of which was charged to operations, totaled \$21,332 and \$173,382, respectively.

6. Restrictions on Net Assets

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the Agency and Subsidiaries. These restrictions are considered to expire when expenditures for restricted purposes are made.

The following sets forth the composition of temporarily restricted net assets at June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Restricted for hurricane relief	\$ 11,499,640	\$ 19,562,833
Restricted for relief services to children	3,360,554	3,567,760
Restricted for renovations of Shirley Landry Benson PACE Center	1,392,501	1,603,202
Restricted for purchases of capital assets	1,172,318	1,206,537
United Way allocation for subsequent fiscal year	1,022,546	988,122
Other restrictions	5,129,534	2,888,183
Totals	<u>\$ 23,577,093</u>	<u>\$ 29,816,637</u>

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

The following temporarily restricted net assets were released during the years ended June 30, 2008 and 2007, due to satisfaction of donor restrictions:

	<u>2008</u>	<u>2007</u>
Restricted for hurricane relief	\$ 8,266,732	\$ 27,905,901
Restricted for PACE - Benson PACE Center	210,701	141,514
Restricted for purchases of capital assets	34,219	48,980
United Way allocation for subsequent fiscal year	1,537,050	530,465
Other restrictions	<u>2,018,488</u>	<u>341,858</u>
Totals	<u>\$ 12,067,190</u>	<u>\$ 28,968,718</u>

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The composition of permanently restricted net assets at June 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Endowment fund - Second Harvest	\$ 1,154,312	\$ 1,351,313
Endowment fund - Catholic Charities - Gift of Life	<u>1,111,267</u>	<u>1,255,761</u>
Totals	<u>\$ 2,265,579</u>	<u>\$ 2,607,074</u>

During fiscal year ended June 30, 2000, the donor amended the "Agreement to Donate" to Second Harvest dated August 26, 1997, which revised the method of distributing the earnings to Second Harvest whereby five percent of the average market value of the investment for the last 12 fiscal quarters will be distributed annually to Second Harvest. All amounts in excess of the five percent distribution will be reinvested as corpus. The amended "Agreement to Donate" also required that the principal balance should never be reduced below \$1,000,000.

7. Retirement Plans

The Agency and Subsidiaries offer a 401(k) defined contribution plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 16% maximum. The plan requires the Agency and Subsidiaries to contribute 3.5% of the participants' salaries. The plan expense also includes an additional 2.0% contribution by the Agency and Subsidiaries to cover costs for life insurance and disability insurance for the employees. Any remaining funds from the 2.0% contribution may be used as a discretionary employer contribution to the plan. The plan administrator is the Archdiocese. The Agency and Subsidiaries contributed approximately \$356,000 and \$271,000, for the years ended June 30, 2008 and 2007, respectively.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

8. Expenses by Program

Details of total expenses by program for the years ended June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Adult Day Health Care	\$ 1,012,510	\$ 821,004
Community Centers and Services	11,447,907	39,566,134
Food For Families	4,611,009	4,522,101
Head Start	3,524,508	3,295,456
Hope Haven	7,475,836	8,376,437
Non-Residential Day Programs	7,211,347	6,700,623
PACE	3,312,154	759,557
Padua Pediatrics and Adult	4,542,573	4,279,660
Residential Special Needs	5,158,094	4,364,303
Second Harvest	28,445,155	32,584,987
	<u>\$ 76,741,093</u>	<u>\$ 105,270,262</u>

9. Related Party Transactions

The Archbishop of New Orleans, head of the Archdiocese, is the sole member of the Agency. He also serves as president of other corporations, boards of trustees, and separate organizations sponsored by or operated under the auspices of the Archdiocese.

In the normal course of operations, the Archdiocese has made and, when necessary, would consider *making available to the Agency and its affiliated agencies specific assistance in the form of operating subsidies, loans, use of facilities, and administrative support*. During the years ended June 30, 2008 and 2007, the Agency and Subsidiaries received no direct operating subsidies from the Archdiocese. Charges for facilities and administrative support are at rates approximating costs.

The Agency has a line of credit with the Archdiocese for \$5.0 million at 6.8% annual interest. No amounts were outstanding as of June 30, 2008 or 2007.

Amounts due from the Archdiocese as of June 30, 2008 and 2007 were \$742,089 and \$253,669, respectively, due to hurricane related insurance proceeds received by the Archdiocese in excess of hurricane related repairs paid for by the Archdiocese.

The Agency also has a lease with a related party for approximately \$1,300 per month, expiring in October 2009.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

10. Leases

The Agency operates a portion of its community social service programs in leased facilities under operating leases expiring at various dates through the fiscal year 2012. The leases are subject to cancellation under certain circumstances, including substantial changes in funding in the Agency's programs. The following is a schedule by year of future minimum rental payments required under those leases and under equipment leases that have initial or remaining lease terms in excess of one year as of June 30, 2008.

Year Ending June 30,	Amount
2009	\$ 372,795
2010	126,597
2011	16,572
2012	2,772
	<u>\$ 518,736</u>

The rental expense for all operating leases for the year ended June 30, 2008 and 2007 approximated \$1,480,000.

11. Significant Contracts and Grants

For the years ended June 30, 2008 and 2007, \$11,746,374 and \$12,470,810, respectively, of the Agency and Subsidiaries' governmental financial assistance was from the U.S. Department of Health and Human Services and \$6,607,162 and \$8,415,143, respectively, of the Agency and Subsidiaries' governmental financial assistance was from the U.S. Department of Agriculture. Management believes that the Agency and Subsidiaries are in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

For the year ended June 30, 2007, the Agency and Subsidiaries were awarded grants in the amount of \$36.7 million from Catholic Charities USA for humanitarian aid related to Hurricane Katrina (note 17).

As of June 30, 2008, the Agency and Subsidiaries have approximately \$2.6 million of outstanding commitments for construction and other improvements related to their programs.

On June 25, 2007, Second Harvest entered into a Cooperative Endeavor Agreement with the Louisiana Department of Agriculture & Forestry of the State of Louisiana for the sum of \$5,000,000.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

The terms of the agreement began on July 1, 2007 and terminated on June 30, 2008. The purpose of the agreement was to purchase 6,000,000 pounds of nutritional food from Louisiana farmers, manufacturers, wholesalers and vendors to feed and adequately nourish people throughout the State of Louisiana who are food insecure. The program is titled Louisiana Nutrition Assistance Program (LANIAP). Subcontracts were entered into with the America's Second Harvest: The Nation's Food Bank Network's certified member Food Banks located in the State of Louisiana (Food Banks) and Second Harvest detailing the amount each food bank was eligible to receive in purchased food products and the reporting requirements each food bank would have to fulfill. The five Food Banks created an association called the Louisiana Food Bank Association, Inc. (LFBA) which was incorporated as a non-profit corporation within the State of Louisiana on May 18, 2007. LFBA designated Second Harvest to serve as its fiscal agent. As of June 30, 2008, 9,887,845 pounds had been purchased for the five Food Banks of the Louisiana Food Bank Association through the LANIAP program.

Food purchased under the agreement during the year ended June 30, 2008 is as follows:

	<u>2008</u>	
	<u>Dollars</u>	<u>Pounds</u>
Second Harvest	\$ 2,446,490	4,725,475
Greater Baton Rouge Food Bank	775,674	1,669,442
Central Louisiana Food Bank	572,381	1,287,777
Food Bank of Northwest Louisiana	576,507	1,180,192
Food Bank of Northeast Louisiana	533,291	1,024,959
Totals	<u>\$ 4,904,343</u>	<u>9,887,845</u>

12. Contingencies

The Agency and Subsidiaries are exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2008 and 2007.

The Agency and Subsidiaries are party to various litigations and other claims, the outcome of which cannot be presently determined. Although management intends to vigorously defend against such litigations and claims, \$2,650,000 has been accrued for all matters. Management's opinion is that the outcome of such matters would not have a significant effect on the Agency and Subsidiaries financial position in excess of the amounts accrued.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

13. Concentrations of Credit Risk

As of June 30, 2008, program accounts receivable consisted primarily of amounts due from governmental sources.

14. PHILMAT Commodity Food Issued

PHILMAT receives pass-thru funding from the LDHH to administer and distribute commodity foods issued by the Food For Families/Food For Seniors program. Pass-thru funding received by PHILMAT for their administration and distribution services totaled \$4,339,431 and \$4,675,070, for the years ended June 30, 2008 and 2007, respectively. Statistical information related to commodity foods issued by the Food for Families/Food for Seniors program during the years ended June 30, 2008 and 2007 included dollars of \$17,792,915 and \$15,061,686, respectively, and pounds of 22,126,237 and 21,952,883, respectively.

15. Second Harvest Food and Grocery Products

Second Harvest undistributed food and grocery products at June 30 consist of the following:

	2008		2007	
	Dollars	Pounds	Dollars	Pounds
Donated and purchased products	\$ 1,858,663	1,245,820	\$ 1,354,599	801,538
Disaster food product	-	-	19,301	14,512
U.S.D.A. commodities	73,236	209,333	76,627	225,518
LANIAP purchased product	217,011	427,142	-	-
Total	<u>\$ 2,148,910</u>	<u>1,882,295</u>	<u>\$ 1,450,527</u>	<u>1,041,568</u>

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

Second Harvest's receipts and distribution of food and grocery products for the years ended June 30 were as follows:

	2008		2007	
	Dollars	Pounds	Dollars	Pounds
Receipts:				
Donated products	\$ 15,708,767	10,542,796	\$ 17,395,628	10,345,036
Disaster products	-	-	8,201,101	6,166,241
U.S.D.A. commodities	1,462,852	3,397,438	2,570,717	7,560,914
LANIAP purchased product	2,407,210	4,650,806	-	-
Purchased product	464,708	176,367	101,026	71,124
			-	-
Totals	<u>\$ 20,043,537</u>	<u>18,767,407</u>	<u>\$ 28,268,472</u>	<u>24,143,315</u>
Distribution:				
Donated products	\$ 15,210,027	10,100,483	\$ 16,041,030	9,472,374
Disaster products	19,301	14,512	9,254,757	6,958,464
U.S.D.A. commodities	1,466,243	3,413,623	2,494,083	7,335,541
U.S.D.A. disaster	-	-	42,986	102,950
Purchased product	459,384	174,398	101,026	71,124
LANIAP purchased product	2,190,199	4,223,664	-	-
Totals	<u>\$ 19,345,154</u>	<u>17,926,680</u>	<u>\$ 27,933,882</u>	<u>23,940,453</u>

16. Board of Directors Compensation

The members of the Agency's board of directors were not compensated during the years ended June 30, 2008 and 2007.

17. Hurricane Katrina

On August 29, 2005, New Orleans and the surrounding area suffered a natural disaster, Hurricane Katrina. As a result, several programs of the Agency and its subsidiaries were impacted. The hurricane also delayed the opening of the PACE program until September 1, 2007. Since the date of the hurricane, the Agency was awarded grants from Catholic Charities USA for humanitarian aid in the amount of \$57.0 million of which \$48.9 million and \$41.1 million had been distributed through June 30, 2008 and 2007, respectively. Of this amount, \$22.4 million was directed to the Archdiocese, \$16.9 million was for direct emergency assistance for hurricane victims, and the remainder was for the re-establishment of Agency programs and services.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

	June 30, 2008					June 30, 2007					
	Catholic Charities	PHILMAT	PACE	Second Harvest	Eliminations	Totals	Catholic Charities	PHILMAT	PACE	Second Harvest	Totals
ASSETS											
Cash	\$ 132,975	\$ 800	\$ 375,712	\$ 6,212,113	\$ (375,412)	\$ 6,346,188	\$ 1,196,718	\$ 800	\$ -	\$ 4,342,574	\$ 5,540,192
Program accounts receivable	5,119,296	839,960	112,965	84,982	-	6,157,203	6,931,662	390,765	4,966	52,704	7,380,097
Unconditional promises to give:											
Pledges	12,390,000	-	1,072,396	103,662	(600,000)	12,966,058	22,547,602	-	1,223,963	-	23,771,565
United Way Greater New Orleans	1,010,625	-	-	-	-	1,010,625	831,424	-	-	172,000	1,003,424
Other receivables	1,429,445	112,624	10,578	619,185	-	2,171,832	197,489	607,371	-	1,390,692	2,195,552
Prepaid expenses and deferred charges	181,358	4,937	46,624	15,294	-	248,213	490,999	4,167	67,108	55,577	617,851
Investments	10,625,541	-	-	2,480,948	-	13,106,489	11,613,882	-	-	2,694,943	14,308,825
Property and equipment - net	11,716,731	2,357,103	3,660,882	2,123,906	-	19,858,622	8,811,967	1,955,605	3,291,744	2,154,153	16,213,469
Due from related party	742,089	-	-	-	-	742,089	233,669	-	-	-	233,669
Undistributed food on hand	-	-	-	2,148,910	-	2,148,910	-	-	-	1,450,527	1,450,527
Due (to) from affiliate	1,059,944	(1,584,306)	140,255	8,695	375,412	-	39,242	(1,223,068)	1,175,131	8,695	-
Total assets	\$ 44,408,004	\$ 1,731,118	\$ 5,419,412	\$ 13,797,695	\$ (600,000)	\$ 64,756,229	\$ 52,914,654	\$ 1,735,640	\$ 5,762,912	\$ 12,321,965	\$ 72,735,171
LIABILITIES AND NET ASSETS											
Liabilities:											
Accounts payable and accrued expenses	\$ 5,812,933	\$ 340,733	\$ 303,122	\$ 543,773	\$ -	\$ 7,000,561	\$ 11,230,627	\$ 235,355	\$ 58,343	\$ 214,664	\$ 11,738,989
Deferred revenue	96,612	-	-	-	-	96,612	7,135	-	-	-	7,135
Unemployment accrual	114,641	8,034	3,609	17,777	-	144,061	656,655	127,474	2,936	17,144	804,209
Accrual for uninsured claims	2,650,000	-	-	-	-	2,650,000	2,105,000	-	-	-	2,105,000
Loans payable	128,114	-	-	-	-	128,114	153,100	-	-	-	153,100
Funds held for others	766,771	34,012	-	-	(600,000)	200,783	804,662	34,012	-	-	838,674
Total liabilities	9,569,071	382,779	306,731	561,550	(600,000)	10,220,131	14,957,179	396,841	51,279	231,808	15,647,107
Net assets:											
Unrestricted	15,340,956	1,250,155	3,296,615	8,805,700	-	28,693,426	13,305,685	548,863	2,955,002	7,854,803	24,664,353
Temporarily restricted	18,386,710	98,184	1,816,066	3,276,133	-	23,577,093	23,396,029	789,936	2,746,631	2,884,041	29,816,637
Permanently restricted	1,111,267	-	-	1,154,312	-	2,265,579	1,255,761	-	-	1,351,313	2,607,074
Total net assets	34,838,933	1,348,339	5,112,681	13,236,145	-	54,536,098	37,957,475	1,338,799	5,701,633	12,090,157	57,088,664
Total liabilities and net assets	\$ 44,408,004	\$ 1,731,118	\$ 5,419,412	\$ 13,797,695	\$ (600,000)	\$ 64,756,229	\$ 52,914,654	\$ 1,735,640	\$ 5,762,912	\$ 12,321,965	\$ 72,735,171

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

	Catholic Charities			PHILMAT			PACE		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted
									Total
Revenues									
Public support:									
Contributions	\$ 1,804,628	\$ 3,018,483	\$ 7,927	\$ 4,831,238	\$ 255,421	\$ 41,348	\$ 296,769	\$ 430,886	\$ -
Contributions - undesignated	1,647,709	-	-	1,647,709	212,190	-	212,190	95,760	-
Contributed goods and services	1,567,323	-	-	1,567,323	-	-	-	-	-
United Way	-	-	-	-	-	-	-	-	-
Greater New Orleans:									
Allocations	-	1,446,482	-	1,446,482	-	10,000	10,000	-	-
Designations	3,619	-	-	3,619	60,000	-	60,000	-	-
Combined Federal Campaign	11,921	-	-	11,921	1,535	-	1,535	693	-
St. Charles Parish:									
Allocations	-	125,000	-	125,000	-	-	-	-	-
St. John Parish:									
Allocations	70,000	-	-	70,000	-	-	-	-	-
Special events (net of direct costs)	173,443	-	-	173,443	-	-	-	-	-
Total public support	5,278,843	4,589,965	7,927	9,876,735	529,146	51,348	580,494	527,339	527,339
Governmental financial assistance:									
Federal	22,540,229	-	-	22,540,229	4,671,968	-	4,671,968	2,050,743	-
Other governmental agencies	821,723	-	-	821,723	188,654	-	188,654	-	-
Total governmental financial assistance	23,361,952	-	-	23,361,952	4,860,622	-	4,860,622	2,050,743	-
Other Revenue:									
Program service fees	2,295,350	-	-	2,295,350	84,265	-	84,265	(140)	(140)
Rent	50,387	-	-	50,387	7,933	-	7,933	106,005	-
Miscellaneous	106,488	-	-	106,488	8,095	-	8,095	3,512	-
Property recoveries	1,040,834	-	-	1,040,834	336,988	-	336,988	53,797	-
Net assets released from restrictions - operations	9,454,644	(9,392,079)	(62,565)	-	743,100	(743,100)	-	930,565	(930,565)
Total other revenue	12,947,723	(9,392,079)	(62,565)	3,493,079	1,180,381	(743,100)	437,281	1,093,739	(930,565)
Total revenue	41,588,518	(4,802,114)	(54,638)	36,731,766	6,570,149	(691,752)	5,878,397	3,671,821	(930,565)
Expenses									
Program services	37,159,387	-	-	37,159,387	5,485,905	-	5,485,905	3,141,327	-
Management and general	1,604,903	-	-	1,604,903	290,361	-	290,361	148,007	-
Fundraising	392,662	-	-	392,662	50,566	-	50,566	22,820	-
Total expenses	39,156,952	-	-	39,156,952	5,826,832	-	5,826,832	3,312,154	-
Change in net assets before investment income	2,431,566	(4,802,114)	(54,638)	(2,423,186)	743,317	(691,752)	51,565	359,667	(930,565)
Investment income (loss)	(396,295)	(207,203)	(89,856)	(693,354)	(42,025)	-	(42,025)	(18,054)	-
Change in net assets	2,035,271	(5,009,319)	(144,494)	(3,118,542)	701,292	(691,752)	9,540	341,613	(930,565)
Net assets									
Beginning of year	13,305,685	23,396,029	1,255,761	37,957,475	548,863	789,936	1,338,799	2,955,002	5,701,633
End of year	\$15,340,956	\$ 18,386,710	\$ 1,111,267	\$ 34,838,933	\$ 1,250,155	\$ 98,184	\$ 1,348,339	\$ 3,296,615	\$ 5,112,681

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING STATEMENT OF ACTIVITIES, CONTINUED

For the year ended June 30, 2008

	Second Harvest				Totals		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues							
Public support:							
Contributions	\$ 2,399,974	\$ 1,393,538	\$ -	\$ 3,793,512	\$ 4,891,109	\$ 4,453,369	\$ 7,927
Contributions - undesignated	-	-	-	-	1,955,659	-	-
Contributed goods and services	18,580,684	-	-	18,580,684	20,148,007	-	-
United Way							
Greater New Orleans:							
Allocations	61,200	-	-	61,200	61,200	1,456,482	-
Designations	73,619	-	-	73,619	137,238	-	-
Combined Federal Campaign	13,347	-	-	13,347	27,496	-	-
St. Charles Parish:							
Allocations	50,300	-	-	50,300	50,300	125,000	-
St. John Parish:							
Allocations	-	-	-	-	70,000	-	-
Special events (net of direct costs)	9,509	-	-	9,509	182,952	-	-
Total public support	21,188,633	1,393,538	-	22,582,171	27,523,961	6,034,851	7,927
Governmental financial assistance:							
Federal	1,923,869	-	-	1,923,869	31,186,809	-	-
Other governmental agencies	5,000,000	-	-	5,000,000	6,010,377	-	-
Total governmental financial assistance	6,923,869	-	-	6,923,869	37,197,186	-	-
Other Revenue:							
Program service fees	20,712	-	-	20,712	2,400,187	-	-
Rent	9,732	-	-	9,732	174,057	-	-
Miscellaneous	5,059	-	-	5,059	123,154	-	-
Property recoveries	-	-	(73,473)	-	1,431,639	-	-
Net assets released from restrictions - operations	1,074,919	(1,001,446)	(73,473)	-	12,203,228	(12,067,190)	(136,038)
Total other revenue	1,110,422	(1,001,446)	(73,473)	35,503	16,332,265	(12,067,190)	(136,038)
Total revenue	29,222,924	392,092	(73,473)	29,541,543	81,053,412	(6,032,339)	(128,111)
Expenses							
Program services	27,382,825	-	-	27,382,825	73,169,444	-	-
Management and general	537,624	-	-	537,624	2,580,895	-	-
Fundraising	524,706	-	-	524,706	990,754	-	-
Total expenses	28,445,155	-	-	28,445,155	76,741,093	-	-
Change in net assets before investment income	777,769	392,092	(73,473)	1,096,388	4,312,319	(6,032,339)	(128,111)
Investment income (loss)	173,128	-	(123,528)	49,600	(283,246)	(207,205)	(213,384)
Change in net assets	950,897	392,092	(197,001)	1,145,988	4,029,073	(6,239,544)	(341,495)
Net assets							
Beginning of year	7,854,803	2,884,041	1,351,313	12,090,157	24,664,353	29,816,637	2,607,074
End of year	\$ 8,805,700	\$ 3,276,133	\$ 1,154,312	\$ 13,236,145	\$ 28,693,426	\$ 23,577,093	\$ 2,265,579
See accompanying independent auditors' report.							

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

	Catholic Charities			PHILMAT			PACE		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
Revenues									
Public support:									
Contributions	\$ 1,622,779	\$ 34,690,686	\$ 57,938	\$ 36,371,403	\$ 71,929	\$ 1,029,807	\$ 208,713	\$ 1,302,266	\$ 1,510,979
Contributions - undesignated	1,558,654	-	-	1,558,654	241,045	-	-	-	-
Contributed goods and services	1,883,453	-	-	1,883,453	-	-	-	-	-
United Way									
Greater New Orleans:									
Allocations	1,145,050	600,708	-	1,745,758	-	-	-	-	-
Designations	154,374	-	-	154,374	23,722	-	-	-	-
Combined Federal Campaign	-	-	-	-	-	-	-	-	-
St. Charles Parish:									
Allocations	-	220,465	-	220,465	-	-	-	-	-
St. John Parish:									
Allocations	56,000	-	-	56,000	10,000	-	-	-	-
Special events (net of direct costs)	151,769	-	-	151,769	-	-	-	-	-
Total public support	6,582,079	35,511,839	57,938	42,151,856	346,696	1,029,807	208,713	1,302,266	1,510,979
Governmental financial assistance:									
Federal	26,994,117	138,761	-	27,132,878	5,057,134	43,135	-	-	-
Other governmental agencies	508,703	-	-	508,703	-	-	-	-	-
Total governmental financial assistance	27,502,820	138,761	-	27,641,581	5,057,134	43,135	-	-	-
Other Revenue:									
Program service fees	1,805,408	-	-	1,805,408	54,765	-	7,590	-	7,590
Rent	55,497	-	-	55,497	20,315	-	86,099	-	86,099
Miscellaneous	194,303	-	-	194,303	35,743	-	150	-	150
Gain (loss) on disposition of property	(21,126)	-	-	(21,126)	3,247	-	-	-	-
Property recoveries	592,088	-	-	592,088	201,913	-	204,010	-	204,010
Net assets released from restrictions - operations	27,791,969	(27,791,969)	-	-	751,176	(751,176)	290,016	(290,016)	-
Total other revenue	30,418,139	(27,791,969)	-	2,626,170	1,067,159	(751,176)	587,865	(290,016)	297,849
Total revenue	64,503,038	7,858,651	57,938	72,419,627	6,470,989	321,766	796,578	1,012,250	1,808,828
Expenses									
Program services	63,511,831	-	-	63,511,831	5,805,003	-	721,817	-	721,817
Management and general	1,927,094	-	-	1,927,094	288,760	-	37,740	-	37,740
Fundraising	340,680	-	-	340,680	52,350	-	-	-	-
Total expenses	65,779,605	-	-	65,779,605	6,146,113	-	759,557	-	759,557
Change in net assets before investment income	(1,276,567)	7,858,651	57,938	6,640,022	324,876	321,766	37,021	1,012,250	1,049,271
Investment income	1,014,689	405,007	162,782	1,582,478	136,136	-	-	-	-
Change in net assets	(261,878)	8,263,658	220,720	8,222,500	461,012	321,766	37,021	1,012,250	1,049,271
Net assets									
Beginning of year	13,567,563	15,395,906	1,035,041	29,998,510	87,851	210,635	2,917,981	1,728,381	4,646,362
Transfers	-	(263,535)	-	(263,535)	-	257,555	-	6,000	6,000
End of year	\$13,305,685	\$ 23,396,029	\$ 1,255,761	\$ 27,957,475	\$ 87,851	\$ 789,936	\$ 2,955,002	\$ 2,746,631	\$ 5,701,633

See accompanying independent auditors' report

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING STATEMENT OF ACTIVITIES, CONTINUED

For the year ended June 30, 2007

	Second Harvest				Totals		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted
Revenues							
Public support:							
Contributions	\$ 4,735,828	\$ 2,276,877	\$ -	\$ 7,012,705	\$ 6,639,249	\$ 39,299,636	\$ 57,938
Contributions - undesignated	-	-	-	-	1,809,699	-	-
Contributed goods and services	25,895,962	-	-	25,895,962	27,779,415	-	-
United Way							
Greater New Orleans:							
Allocations	208,096	72,000	-	280,096	1,353,146	672,708	-
Designations	34,011	-	-	34,011	212,107	-	-
Combined Federal Campaign	10,360	-	-	10,360	10,360	-	-
St. Charles Parish:							
Allocations	5,062	94,938	-	100,000	5,062	315,403	-
St. John Parish:							
Allocations	-	-	-	-	66,000	-	-
Special events (net of direct costs)	46,547	-	-	46,547	198,316	-	-
Total public support	30,935,866	2,443,815	-	33,379,681	38,073,354	40,287,747	57,938
Governmental financial assistance:							
Federal	3,471,135	-	-	3,471,135	35,522,386	181,896	-
Other governmental agencies	-	-	-	-	508,703	-	-
Total governmental financial assistance	3,471,135	-	-	3,471,135	36,031,089	181,896	-
Other Revenue:							
Program service fees	50,234	-	-	50,234	1,917,997	-	-
Rent	23,025	-	-	23,025	184,936	-	-
Miscellaneous	7,068	-	-	7,068	237,264	-	-
Gain (loss) on disposition of property	-	-	-	-	(17,879)	-	-
Property recoveries	-	-	-	-	998,011	-	-
Net assets released from restrictions - operations	203,799	(135,557)	(68,242)	-	29,036,960	(28,968,718)	(68,242)
Total other revenue	284,126	(135,557)	(68,242)	80,327	32,357,289	(28,968,718)	(68,242)
Total revenue	34,691,127	2,308,258	(68,242)	36,931,143	106,461,732	11,500,925	(10,304)
Expenses							
Program services	31,629,799	-	-	31,629,799	101,668,450	-	-
Management and general	373,603	-	-	373,603	2,627,197	-	-
Fundraising	581,585	-	-	581,585	974,615	-	-
Total expenses	32,584,987	-	-	32,584,987	105,270,262	-	-
Change in net assets before investment income	2,106,140	2,308,258	(68,242)	4,346,156	1,191,470	11,500,925	(10,304)
Investment income	315,047	-	202,670	517,717	1,465,872	405,007	365,452
Change in net assets	2,421,187	2,308,258	134,428	4,863,873	2,657,342	11,905,932	355,148
Net assets							
Beginning of year	5,433,616	575,783	1,216,885	7,226,284	22,007,011	17,910,705	2,251,926
Transfers	-	-	-	-	-	-	-
End of year	\$ 7,854,803	\$ 2,884,041	\$ 1,351,313	\$ 12,090,157	\$ 24,664,353	\$ 29,816,637	\$ 2,607,074
See accompanying independent auditors' report.							

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2008
(with comparative totals for 2007)

	Catholic Charities				PHILMAT				PACE			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Salaries	\$ 18,097,338	\$ 945,115	\$ 231,236	\$ 19,273,689	\$ 2,332,969	\$ 170,991	\$ 29,776	\$ 2,533,716	\$ 1,161,278	\$ 87,161	\$ 13,439	\$ 1,261,878
Employee benefits	1,623,219	97,422	23,836	1,744,477	140,152	17,626	3,070	1,660,848	98,165	8,584	1,383	108,534
Payroll Taxes	1,326,922	68,131	16,669	1,411,722	187,634	12,326	2,147	1,482,107	84,654	6,283	969	91,906
Total salaries and related expenses	21,047,459	1,110,668	271,741	22,429,868	2,660,755	200,943	34,993	2,876,691	1,344,097	102,428	15,793	1,462,318
Professional fees and contract services	2,844,717	158,519	38,784	3,042,020	678,415	28,680	4,995	712,090	609,529	14,619	2,254	626,402
Supplies and other operating expenses	1,748,557	67,347	16,477	1,832,381	353,816	12,184	2,122	376,122	60,174	6,217	958	67,283
Equipment expense	588,088	38,644	9,453	636,187	79,224	6,991	1,218	87,433	80,323	3,564	549	84,436
Occupancy	2,265,238	94,884	23,215	2,383,337	492,486	17,167	2,950	512,643	136,840	8,750	1,349	146,939
Travel and transportation	414,460	3,408	834	418,702	453,927	617	107	454,651	41,015	314	48	41,377
Personnel recruitment and development	233,862	53,322	12,801	299,985	17,205	9,466	1,649	28,320	59,871	4,825	744	65,440
Insurance	302,965	19,874	4,862	327,601	177,492	3,596	626	181,714	113,244	1,833	233	115,360
Food	696,725	-	-	696,725	26,412	-	-	26,412	31,877	-	-	31,877
Distributions to LPEA	1,557,674	-	-	1,557,674	-	-	-	-	-	-	-	-
Contributed goods and services	550,000	-	-	550,000	-	-	-	-	-	-	-	-
Litigation	11,023	12,037	2,945	26,005	(399)	2,178	379	2,158	201	1,110	171	1,482
Miscellaneous	4,063,213	-	-	4,063,213	278,314	-	-	278,314	455,697	-	-	455,697
Specific assistance to individuals	13,652	4,665	1,141	19,458	-	844	147	991	453	430	66	949
Interest	-	-	-	-	-	-	-	-	10,467	-	-	10,467
Amortization	-	-	-	-	-	-	-	-	197,599	-	-	197,599
Depreciation	823,024	42,535	10,407	875,966	285,838	7,695	1,340	294,873	-	-	603	295,476
Total expenses	\$ 37,159,387	\$ 1,604,903	\$ 392,662	\$ 39,156,952	\$ 5,483,905	\$ 290,361	\$ 50,366	\$ 5,826,632	\$ 3,141,327	\$ 148,007	\$ 22,820	\$ 3,312,154

See accompanying independent auditors' report.

(continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED

For the year ended June 30, 2008
(with comparative totals for 2007)

	Second Harvest				2008 Consolidated Totals				2007 Consolidated Totals	
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total		
Salaries	\$ 1,013,592	\$ 256,572	\$ 177,697	\$ 1,447,861	\$ 22,604,177	\$ 1,459,839	\$ 452,148	\$ 24,517,164	\$	\$ 25,880,562
Employee benefits	99,017	28,883	27,568	155,470	1,960,553	152,917	55,859	2,169,329		2,526,282
Payroll Taxes	28,311	17,034	11,207	106,572	1,657,501	103,794	30,992	1,792,287		1,886,237
Total salaries and related expenses	1,140,920	302,511	216,472	1,709,903	26,221,231	1,716,550	538,999	28,476,780		30,293,081
Professional fees and contract services	232,125	63,432	218,613	534,170	4,364,786	265,250	284,646	4,914,682		5,394,830
Supplies and other operating expenses	419,232	36,634	24,811	480,687	2,383,719	122,666	44,388	2,750,773		3,228,894
Equipment expense	46,291	6,374	6,502	59,167	794,126	55,573	17,724	867,423		871,016
Occupancy	300,751	21,665	27,029	349,445	3,196,315	142,466	54,383	3,392,164		3,438,137
Travel and transportation	396,201	10,249	1,857	408,317	1,305,603	14,578	2,846	1,323,047		1,394,595
Personnel recruitment and development	84,000	41,135	2,159	127,294	594,938	107,768	17,553	700,039		887,586
Insurance	49,672	5,572	3,721	58,965	642,503	30,875	8,592	682,370		807,658
Food	21,940,417	-	-	21,940,417	22,695,431	-	-	22,695,431		28,704,237
Distributions to LPEBA	2,497,133	33,860	-	2,532,993	2,497,133	35,860	-	2,532,993		-
Contributed goods and services	-	-	-	-	1,557,674	-	-	1,557,674		1,919,905
Litigation	-	-	-	-	550,000	-	-	550,000		1,385,000
Miscellaneous	687	12,645	3,112	16,444	11,512	27,970	6,607	46,089		155,536
Specific assistance to individuals	-	-	-	-	4,797,244	-	-	4,797,244		25,752,277
Interest	-	-	-	-	14,103	5,939	1,354	21,396		173,382
Amortization	-	-	-	-	10,467	-	-	10,467		-
Depreciation	235,396	1,547	910	237,853	1,531,657	55,700	13,262	1,600,619		1,340,028
Total expenses	\$ 27,382,825	\$ 537,624	\$ 524,706	\$ 28,445,155	\$ 73,169,444	\$ 2,580,835	\$ 980,754	\$ 76,741,093	\$	\$ 105,270,262

See accompanying independent auditors' report.

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES

For the year ended June 30, 2008

Revenues	Catholic Charities Archdiocese of New Orleans							PHILMAT						
	Hope Haven	Head Start	Adult Day Health Care	Pediatrics and Adult	Community Services	Residential Special Needs	Non-Residential Day Programs	Totals	Food for Families	Community Centers and Services	Totals	PACE	Second Harvest	2008 Consolidated Totals
Public support:														
Contributions	\$ 174,607	\$ 42,075	\$ 3,275	\$ 22,260	\$ 1,017,127	\$ 73,641	\$ 471,843	\$ 1,804,828	\$ 39,651	\$ 215,770	\$ 235,421	\$ 430,886	\$ 2,399,974	\$ 4,891,109
Contributions - undesignated	240,431	106,652	74,820	87,450	177,351	407,162	553,843	1,647,709	185,745	26,445	212,190	95,760	-	1,955,659
Contributed goods and services	658,257	510,244	60,900	1,093	9,650	98,322	228,137	1,867,323	-	-	-	-	18,380,684	20,148,007
United Way:														
Greater New Orleans:														
Allegations	-	-	-	-	-	-	-	-	-	-	-	-	-	61,200
Designations	-	-	-	-	-	-	-	-	-	-	-	-	-	73,619
Combined Federal Campaign	1,719	772	541	603	1,283	2,946	4,007	11,921	1,344	191	1,535	693	13,347	27,496
St. Charles Parish:														
Allegations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
St. John Parish:														
Allegations	-	-	-	-	-	-	-	-	-	-	-	-	-	50,300
Allegations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special events (net of direct costs)	74,435	-	-	-	-	-	70,000	70,000	-	-	-	-	-	70,000
Total public support	1,149,970	659,743	139,536	111,435	1,209,030	582,271	1,426,857	5,278,843	286,740	242,405	529,146	527,339	21,188,633	22,523,961
Governmental financial assistance:														
Federal	5,145,067	4,402,014	348,694	4,136,044	2,597,222	3,083,980	2,815,208	22,540,129	4,339,432	332,535	4,671,968	2,000,743	1,923,869	31,186,809
Other governmental agencies	5,145,067	(155,353)	-	-	395,519	519,089	41,908	831,723	-	188,654	188,654	-	5,000,000	6,010,377
Total governmental financial assistance	10,290,134	4,246,661	358,694	4,136,044	2,992,741	3,603,069	2,857,116	23,371,852	4,339,432	521,190	4,860,622	2,000,743	6,923,869	37,197,186
Other Revenue:														
Program service fees	70	-	440,388	184,430	384,165	175,005	1,110,792	2,295,530	10,000	74,265	84,265	(140)	20,712	2,400,187
Rent	42,667	-	-	7,720	-	-	-	50,387	-	7,933	7,933	106,005	9,732	174,037
Miscellaneous	36,468	3,912	7,784	3,650	18,359	16,002	20,313	106,488	6,826	1,269	8,095	3,512	5,059	123,154
Property recoveries	947,065	43,935	24,244	1,034	13,287	11,128	161	1,040,854	336,988	543,112	336,988	53,797	1,074,919	1,431,639
Net assets released from restrictions	48,320	391,711	69,666	-	5,695,762	1,489,422	1,255,563	9,454,644	192,988	543,112	743,100	930,565	1,074,919	12,203,238
Total other revenue	1,074,790	439,558	542,082	196,814	6,115,573	1,692,057	2,865,829	12,947,723	551,802	626,579	1,180,381	1,093,739	1,110,422	16,532,265
Total revenue	2,269,827	5,345,922	1,090,312	4,443,315	10,317,344	5,899,897	7,170,802	41,585,518	5,179,574	1,290,173	6,570,147	3,671,821	29,222,924	81,053,412
Expenses														
Salaries	3,283,904	1,773,606	478,643	2,442,361	4,399,245	2,079,125	3,646,454	18,097,338	1,798,432	534,537	2,332,969	1,161,278	1,447,861	23,039,446
Employee benefits	280,690	46,428	25,647	197,229	473,549	202,267	397,339	1,623,219	114,166	25,786	140,152	98,165	155,470	2,017,006
Payroll taxes	245,216	129,368	35,384	178,506	373,460	150,762	263,214	1,326,902	133,622	35,012	167,634	84,654	106,572	1,653,762
Total salaries and related expenses	3,810,810	1,949,402	539,674	2,818,096	5,246,254	2,432,154	4,307,007	21,047,459	2,046,520	595,335	2,641,755	1,344,097	1,709,902	26,742,214
Professional fees and contract service payments	284,143	172,977	71,496	283,183	773,010	438,015	769,893	3,844,717	597,286	81,129	678,415	609,529	534,170	4,666,831
Supplies and other operating expenses	162,568	184,995	26,320	455,915	545,543	100,926	272,290	1,745,557	315,813	40,003	355,816	60,114	480,587	2,645,174
Equipment expense	112,450	33,778	8,803	30,049	211,777	84,105	87,126	588,038	61,754	17,470	79,224	80,523	59,167	807,002
Occupancy	582,938	275,777	95,497	212,542	439,855	278,613	370,976	2,265,238	424,491	67,995	492,486	135,840	349,445	3,244,009
Travel and transportation	53,712	1,810	23,590	83,689	159,333	27,388	64,538	414,680	423,178	25,749	453,927	41,015	408,317	1,317,719
Personnel recruitment and development	46,064	12,754	1,831	10,899	66,321	26,540	69,453	233,662	7,722	9,483	17,205	59,871	127,294	438,232
Insurance	149,872	22,385	4,762	40,486	30,130	30,435	24,025	302,095	153,509	23,983	177,492	113,244	58,465	651,296
Food	222,494	129,204	89,899	151,619	12,649	78,970	10,790	696,325	22,888	3,924	26,812	31,877	21,940,417	22,695,431
Distributions to LFBA	-	-	-	-	-	-	-	-	-	-	-	-	-	2,532,993
Contributed goods and services	638,757	510,244	60,900	1,093	-	98,322	228,158	1,557,674	-	-	-	-	-	1,557,674
Indirect allocated costs	319,120	155,497	40,613	255,810	401,281	146,619	258,063	1,604,903	235,116	55,245	290,361	148,007	-	2,043,271
Litigation	550,000	-	-	-	-	-	-	-	-	-	-	-	-	550,000
Miscellaneous	2,540	-	2,298	471	264	575	4,875	11,023	(68)	69	(399)	201	16,444	27,269
Specific assistance to individuals	40,025	348	722	46,640	2,242,337	1,133,005	559,035	4,065,213	44,264	278,334	378,334	455,697	-	4,797,244
Fund-raising allocated	57,297	25,416	17,830	20,840	42,264	97,030	131,985	392,662	44,264	6,302	50,566	72,820	-	466,048
Interest	1,609	-	220	1,135	688	-	-	13,652	-	-	-	-	-	14,105
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	10,467
Depreciation	420,835	49,421	27,655	100,106	46,358	134,555	44,093	823,024	275,236	10,602	285,838	197,390	227,853	1,534,114
Total expenses	7,475,835	3,524,508	1,012,510	4,542,513	10,317,344	5,899,897	7,170,802	41,585,518	4,611,009	1,215,813	5,826,832	3,312,154	28,445,155	76,741,093
Change in net assets before investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	(106,009)	1,821,414	27,802	(98,259)	85,259	741,903	(40,545)	2,431,566	568,965	174,352	743,317	359,667	777,769	4,312,319
Investment income	(11,967)	(20,139)	(15,115)	(17,492)	(14,497)	(80,022)	(112,139)	(296,295)	(3,630)	(5,995)	(42,065)	(13,054)	(173,128)	(283,246)
Change in net assets	\$ (217,976)	\$ 1,801,275	\$ (2,428)	\$ (115,760)	\$ 50,813	\$ 661,881	\$ (137,684)	\$ 2,035,271	\$ 575,335	\$ 168,357	\$ 701,252	\$ 341,513	\$ 950,897	\$ (209,071)
See accompanying independent auditors' report.														

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS AND SUBSIDIARIES
NEW ORLEANS, LOUISIANA**

CONSOLIDATING SCHEDULE OF ACTIVITIES BY PROGRAM SERVICES, CONTINUED

For the year ended June 30, 2008
(with comparative totals for 2007)

	Consolidated Totals by Program											
	Hope Haven	Head Start	Second Harvest	Food for Families	Adult Day Health Care	PACE	Infant/Pediatric and Adult	Community Centers and Services	Residential Special Needs	Non-Residential Day Programs	2008	2007
Revenues												
Public support:												
Contributions	\$ 174,607	\$ 42,075	\$ 2,359,974	\$ 39,651	\$ 3,275	\$ 430,886	\$ 22,260	\$ 1,232,897	\$ 73,641	\$ 471,843	\$ 4,891,109	\$ 6,630,249
Contributions - undesignated	240,431	106,652	-	185,745	74,820	95,760	87,450	203,756	407,162	553,843	1,955,659	1,809,699
Contributed goods and services	658,757	510,244	18,380,684	-	603,000	-	1,093	9,650	98,322	228,157	20,148,007	27,719,415
United Way:												
Greater New Orleans:												
Allocations	-	-	61,200	-	-	-	-	-	-	-	61,200	1,353,146
Designations	-	-	72,619	60,000	-	-	-	3,619	-	-	137,218	212,107
Combined Federal Campaign	1,739	772	13,347	1,344	541	693	633	1,474	2,946	4,007	27,496	10,360
St. Charles Parish:												
Allocations	-	-	50,300	-	-	-	-	-	-	-	50,300	5,062
St. John Parish:												
Allocations	-	-	-	-	-	-	-	-	-	-	70,000	66,000
Special events (net of direct costs)	74,436	-	9,509	-	-	-	-	-	-	-	182,952	198,316
Total public support	1,149,970	659,743	21,188,533	286,740	139,536	577,339	111,436	1,451,435	582,271	1,226,857	27,523,961	38,073,354
Governmental financial assistance:												
Federal	5,145,067	4,402,014	1,923,169	4,339,432	358,094	2,050,743	4,136,044	2,929,758	3,085,980	2,815,208	31,186,809	35,522,385
Other governmental agencies	(155,393)	5,000,000	-	-	-	-	-	584,173	539,689	41,903	5,010,377	508,703
Total governmental financial assistance	5,145,067	4,246,621	6,923,169	4,339,432	358,094	2,050,743	4,136,044	3,513,931	3,625,669	2,857,116	37,197,186	36,031,089
Other Revenues:												
Program service fees	70	-	20,712	10,000	440,388	(140)	184,430	458,430	175,805	1,110,792	2,400,187	1,917,597
Rent	42,667	-	9,732	6,826	7,784	-	7,720	7,933	16,002	20,313	174,037	184,936
Miscellaneous	36,468	3,912	5,039	-	-	-	3,512	19,628	-	-	123,154	237,114
Gain or loss on disposal of property	-	-	-	-	-	-	-	-	-	-	-	(17,729)
Property recoveries	947,065	43,935	-	336,984	24,244	53,787	1,094	13,287	11,128	161	1,431,639	998,011
Net assets released from restrictions	48,520	391,711	1,074,919	599,988	69,666	930,565	-	6,242,874	1,489,422	1,555,563	12,203,278	28,568,718
Total other revenue	1,074,790	439,558	1,110,422	533,802	342,082	1,093,739	196,834	6,742,152	1,692,957	2,886,829	16,332,265	32,289,047
Total revenue	7,369,827	5,345,922	20,222,924	5,179,974	1,040,312	3,671,821	4,444,314	11,707,519	5,899,297	7,170,802	81,053,412	106,393,490
Expenses												
Salaries	3,283,904	1,773,606	1,447,961	1,798,432	478,643	1,161,278	2,442,361	4,927,702	2,079,125	3,646,454	23,039,446	24,602,527
Employee benefits	280,690	45,428	153,470	114,166	23,647	98,163	197,229	499,535	202,367	397,309	2,017,006	2,390,812
Payroll taxes	745,216	129,368	108,572	132,622	33,384	84,654	178,306	338,432	150,704	263,284	1,685,762	1,792,898
Total salaries and related expenses	3,810,810	1,948,402	1,709,903	2,045,220	535,674	1,344,097	2,818,096	5,785,769	2,432,196	4,307,047	26,742,214	28,786,237
Professional fees and contract services payments	284,143	172,977	534,170	597,286	71,496	609,529	285,183	854,139	488,015	769,893	4,666,831	5,120,627
Supplies and other operating expense	162,568	184,995	480,687	315,813	26,320	60,114	455,915	585,546	100,926	272,250	2,645,174	3,023,492
Equipment expense	112,450	33,778	59,167	61,754	9,803	80,523	50,049	229,247	84,103	87,126	807,002	761,297
Occupancy	582,938	275,777	349,445	424,481	95,497	136,840	212,542	287,930	278,613	379,976	3,244,009	3,343,846
Travel and transportation	33,712	1,610	408,317	423,178	23,990	41,015	82,689	185,082	27,588	64,538	1,317,719	1,289,194
Personnel recruitment and development	46,064	12,754	127,294	7,722	1,831	59,871	10,899	75,804	26,540	69,453	438,232	477,332
Insurance	149,872	22,385	58,465	153,209	4,762	113,244	40,486	54,113	30,435	24,075	651,796	490,892
Food	222,494	129,904	21,940,417	22,888	89,899	31,877	151,619	16,573	78,970	10,750	22,695,431	28,704,257
Distributions to LFBA	-	-	2,332,993	-	-	-	-	-	-	-	2,532,993	-
Contributed goods and services	618,757	510,244	-	-	60,300	-	1,093	-	98,322	228,158	1,537,674	1,919,503
Indirect allocated costs	319,120	155,497	-	235,116	40,613	148,007	253,810	486,526	146,519	258,063	2,043,271	2,347,922
Litigation	500,000	-	-	-	-	-	-	-	-	-	550,000	1,383,000
Miscellaneous	2,540	348	16,444	(468)	2,298	201	471	333	575	4,875	27,269	127,454
Specific assistance to individuals	40,626	-	-	-	722	455,697	46,640	2,560,671	1,153,503	539,035	4,797,244	25,752,047
Fund-raising allocated	57,297	23,416	-	44,264	17,830	-	20,840	48,566	97,030	131,985	466,048	393,030
Interest	1,609	-	-	-	220	453	11,135	688	-	-	14,105	20,309
Amortization	-	-	-	-	-	-	-	-	-	-	10,467	-
Depreciation	420,836	49,421	227,853	275,236	27,655	197,339	100,106	56,907	134,555	44,051	1,534,114	1,321,913
Total expenses	7,475,836	3,524,508	28,443,153	4,611,009	1,013,310	3,312,134	4,542,373	11,447,917	5,138,094	7,111,347	76,741,093	105,720,262
Change in net assets before investment income	(106,009)	1,821,414	177,769	568,965	27,802	359,687	(98,259)	256,612	741,503	4,312,319	4,312,319	1,123,228
Investment income (loss)	(111,967)	(210,108)	173,128	(36,030)	(15,115)	(18,084)	(17,497)	(40,442)	(80,022)	(17,139)	(283,246)	1,534,114
Change in net assets	\$ (217,976)	\$ 1,611,306	\$ 350,897	\$ 532,935	\$ 12,687	\$ 341,603	\$ (115,759)	\$ 216,170	\$ 661,481	\$ (137,864)	\$ 4,029,073	\$ 2,657,342

See accompanying independent auditors' report.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
AND SUBSIDIARIES

SINGLE AUDIT REPORT

JUNE 30, 2008



Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
New Orleans, Louisiana

Single Audit Reports

June 30, 2008

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,
Catholic Charities Archdiocese of New Orleans and Subsidiaries, New Orleans, Louisiana

We have audited the basic financial statements of Catholic Charities Archdiocese of New Orleans (the Agency), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Agency, the Agency's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Metairie, Louisiana
December 3, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Most Reverend Alfred C. Hughes, D.D. and the Board of Directors,
Catholic Charities Archdiocese of New Orleans and Subsidiaries, New Orleans, Louisiana

Compliance

We have audited the compliance of Catholic Charities Archdiocese of New Orleans (the Agency) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

The Agency's basic financial statements include the operations of the Second Harvest Food Bank of Greater New Orleans and Acadiana (the Organization) which received \$1,923,869 in federal awards which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2008. Our audit, described below, did not include the operations of the Organization as the Organization engaged its own auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to the major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over

compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of deficiencies, that results in a more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Agency, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 3, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Agency, the Agency's management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dorothy M. Metairie

Metairie, Louisiana
December 3, 2008



CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2008

<u>Federal Grantor/Pass-Through Grantor/ Program Title/Program Description</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Pass-through programs from:			
State of Louisiana Department of Education			
Department of Education			
Division of Nutrition Assistance			
School Breakfast Program			
Child Residential Care	10.553	not known	\$ 199,070
Child and Adult Care Food Program			
Child Day care	10.558	not known	211,078
Adult Day Health care	10.558	not known	55,201
Emergency Shelter	10.558	not known	18,701
Domestic Violence	10.558	not known	-
Total - Child and Adult Care Food Program			284,980
Total - Louisiana Department of Education			484,050
Department of Health and Hospitals			
Office of Public Health			
Commodity Supplemental Food Program	10.565	42-0861/616114	4,339,431
Total - State of Louisiana			4,823,481
Total - U.S. Department of Agriculture			4,823,481
U.S. Department of Housing and Urban Development			
Direct Programs:			
Supporting Housing Program			
Transitional Housing	14.235	LA488-S0-3020	297,713
Economic Development Initiative	14.251	not known	200,174
Total - direct programs			497,887
Pass-through programs from:			
City of New Orleans			
Community Development Block Grants			
Youth	14.218	50-096(92)/PC750 24817	104,162
Emergency Shelter Grants Program			
Emergency Shelter Care	14.231	SESG 018	139,131
Total - Emergency Shelter Grants Program			139,131
Housing Opportunities for Persons with AIDS			
AIDS Services	14.241	DC750-000000	125,409
Total - City of New Orleans			368,702

(Continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
NEW ORLEANS, LOUISIANA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Parish of Jefferson			
Department of Community Development Programs			
Community Development Block Grants			
Emergency Shelter Care	14.218	not known	\$ 101,752
Emergency Shelter Grants Program			
Emergency Shelter Care	14.231	not known	190,353
Total - Parish of Jefferson			292,105
Unity Rapid Rehousing			
Transitional Housing	14.228	not known	403,785
UNITY for the Homeless, Inc.			
Supportive Housing Program			
Mental Health	14.235	not known	396,223
Transitional Housing	14.235	LA48-B-50-3019	224,747
Emergency Shelter Care	14.235	LA48-B-50-3032	55,095
Community Centers	14.235	LA48-B-50-3011	156,155
Adult Residential care	14.235	LA48-B-50-3010	24,921
Total Supportive Housing Program			857,141
Total UNITY for the Homeless, Inc.			857,141
Total pass-through programs			1,921,733
Total - U.S. Department of Housing and Urban Development			2,419,620
U.S. Department of Justice			
Pass-through programs from:			
Louisiana Commission on Law Enforcement and Administration of Criminal Justice			
Crime Victim Assistance			
Domestic Violence	16.575	not known	173,479
Violence Against Women Formula Grants			
Domestic Violence	16.588	not known	481,135
Transitional Housing	16.736	not known	20,190
Pass-through program from:			
City of New Orleans - Office of Criminal Justice			
Domestic Violence	16.575	not known	95,482
Total - Louisiana Commission on Law Enforcement and Administration of Criminal Justice			770,286
City of New Orleans - Office of Criminal Justice			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders			
Domestic Violence	16.590	not known	83,686
Supervised Visitation	16.527	not known	100,573
Total - City of New Orleans - Office of Criminal Justice			184,259
Total - U.S. Department of Justice			954,545
			(Continued)

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Labor			
Pass-through program from:			
Youthbuild USA			
Youthbuild	17.274	not known	\$ 50,715
Total - U.S. Department of Labor			50,715
U.S. Department of State			
Pass-through program from:			
United States Conference of Catholic Bishops			
Reception and Placement - direct	19.unk	not known	20,559
Total - U.S. Department of State			20,559
U.S. Department of Education			
Pass-through program from:			
State of Louisiana			
Department of Social Services			
Louisiana Commission for the Deaf			
Rehabilitation Services - Vocational Rehabilitation Grants			
Deaf action Center	84.126	not known	85,205
Total - U.S. Department of Education			85,205
U.S. Department of Health and Human Services			
Pass-through programs from:			
State of Louisiana			
Department of Social Services			
Christian Health Ministries			
Temporary Assistance for Needy Families (TANF)	93.558	G-0602LAATANF	490,552
Office of Community Services			
Refugee and Entrant Assistance - State Administered Programs			
Refugee Social Services	93.566	not known	51,617
Refugee Social Services (PPP)	93.566	not known	112,208
Total - Refugee and Entrant Assistance			163,825
Social Services Block Grant			
Child Residential Care	93.667	not known	4,980,784
Therapeutic Foster Care	93.667	not known	313,026
Katrina Aid Today	93.667	625530	122,419
Therapeutic Family Services	93.667	not known	53,798
LA Family Recovery Corps	93.667	not known	126,549
Family Preservation	93.667	not known	41,370
Total - Social Services Block Grant			5,637,946
Chaffee Foster Care Independence Program			
Independent Living - match	93.674	606911	295,275
Independent Living - ETVP	93.674	607033	106,837
Total - Chaffee Foster Care Independence Program			402,112
Total - Louisiana Department of Social Services			6,694,435

(Continued)

**CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
NEW ORLEANS, LOUISIANA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2008

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Office of the Governor/Office of Women's Policy			
Temporary Assistance for Needy Families (TANF)	93.558	644664	\$ 244,998
Women's Shelters	93.671	C05-9-014	<u>188,000</u>
Total - Office of the Governor/Office of Women's Policy			<u>432,998</u>
Department of Health and Hospitals			
Office of Public Health			
Refugee and Entrant Assistance - Discretionary Grants			
Immigration/refugee services	93.576	908X0179/02	<u>64,350</u>
Total - State of Louisiana			<u>7,191,783</u>
Total Community Action, Inc.			
Head Start			
Child Day Care	93.600	06CH0473	<u>4,190,938</u>
Total - Total Community Action, Inc.			<u>4,190,938</u>
Metropolitan Human Services District			
Social Services Block Grant			
Crescent House	93.667	06CH0474	<u>239,560</u>
Primary Care Access & Stabilization			
Research, Demonstrations, and Evaluations	93.779	not known	<u>281,663</u>
Total - U.S. Department of Health and Human Services			<u>11,903,944</u>
Corporation for National and Community Service			
Direct program:			
Foster Grandparents Program			
Foster Grandparents	94.011	045FWLA001	346,764
Pass-through programs from:			
Louisiana Serve Commission			
Americorps	94.006	06-AC068537	<u>560,861</u>
Total - Corporation for National and Community Service			<u>907,625</u>
U.S. Department of Homeland Security			
Pass-through programs from:			
State of Louisiana			
Department of Health and Hospitals			
Office of Mental Health			
Crisis Counseling			
LA Spirit	97.032	642571-047080	9,432
United Methodist Committee on Relief			
Hurricane Katrina Case Management System			
Katrina Aid Today	97.084	EMW-2006GR-0056	<u>1,685,570</u>
Total - U.S. Department of Homeland Security			<u>1,695,002</u>
Total Expenditures of Federal Awards included in this report			<u>\$ 22,860,696</u>

See accompanying notes to schedule of expenditures of federal awards.

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards

June 30, 2008

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of Catholic Charities Archdiocese of New Orleans, PHILMAT, Inc., and PACE Greater New Orleans. The Agency's reporting entity is defined in note 1 to the financial statements for the year ended June 30, 2008. All federal awards received from federal agencies are included on the schedule.

(2) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1 to the Agency's financial statements for the year ended June 30, 2008.

The financial statements of Second Harvest Food Bank of Greater New Orleans and Acadiana (Second Harvest), a subsidiary of the Agency, are audited separately. A separate *Circular A-133* report on Second Harvest's federal awards was issued for the year ended June 30, 2008.

(3) Relationship to Financial Statements

Federal awards are included in the basic financial statements of the Agency as follows:

Schedule of Federal Awards	\$ 22,860,696
State funds	6,010,377
Office of Health and Hospitals -- Medicaid and Medicare	6,402,244
Second Harvest federal awards	<u>1,923,869</u>
Total governmental financial assistance	<u>\$ 37,197,186</u>

CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

(1) Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted: no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings which are required to be reported in accordance with section 510(a) of OMB Circular A-133? no

Identification of major programs:

United States Department of Health and Human Services – Social Services Block Grant	93.667
--	--------

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$685,821</u>
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Auditee qualified as a low-risk auditee?	<u>yes</u>
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(2) Findings relating to the financial statements reported in accordance with <i>Government Auditing Standards</i> :	<u>none</u>
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(3) Findings and questioned costs relating to federal awards:	<u>none</u>
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CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS
New Orleans, Louisiana

Summary Schedule of Prior Audit Findings

Year ended June 30, 2008

Finding 07-1

CFDA # 14.235

Grant UNITY for the Homeless, Inc.

Supportive Housing Program ~

Community Centers

Condition: The Agency identified inappropriate transactions related this program. The amounts were reported to the granting agency.

Criteria: As required by OMB Compliance Supplement, amounts distributed are to be issued to eligible participants.

Effect: The Agency may not have issued awards to eligible participants.

Cause: Circumvention of the Agency's procedures appeared to have occurred.

Recommendation: The Agency should review its compliance procedures to determine adequacy for the prevention and or timely detection of non-compliances.

Agency Response: The Agency communicated its concerns to the grantors and the matter was investigated. We are constantly reviewing and updating our processes. We have added additional controls to our current procedures to prevent and detect instances of non-compliance in the future.

Current Status: Resolved